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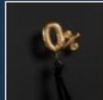
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ON TREND

This Website Is the Stock Market for Nikes and Rolexes

StockX, a Dan Gilbert backed start-up has revolutionized the secondary market for sneakers, streetwear, handbags and watches. With a new London office, it has its sights set on global expansion



By [Jacob Gallagher](#) [Follow](#)

Nov. 26, 2018 12:02 pm ET

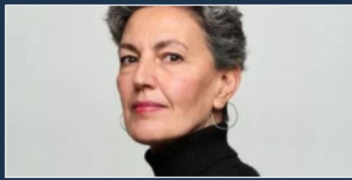


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Mitch Blunt ILLUSTRATION: MITCH BLUNT


It was Tuesday, Nov. 13, 2018. Though Josh Luber would rather it didn't, in three days, Adidas was planning to re-release the Yeezy Boost 350 V2 "Zebra," a black-and-white striped version of its Kanye-West-designed sneaker. Mr. Luber, co-founder of [StockX](#), an online trading platform for sneakers, streetwear,




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and-white striped version of its Kanye-West-designed sneaker. Mr. Luber, co-founder of [StockX](#), an online trading platform for sneakers, streetwear, handbags and watches, hates when companies disrupt his market strategy. “The one thing that breaks the supply-and-demand model and the purity of it in the secondary market is when brands artificially f--- with it when they restock stuff,” said Mr. Luber, a scruffy 40-year-old who wore a hoodie throughout our interview. Within a week, his hypothesis was confirmed: Yeezy Zebras were trading for about \$270 on StockX, just \$50 above retail and well below their peak of \$2,000.

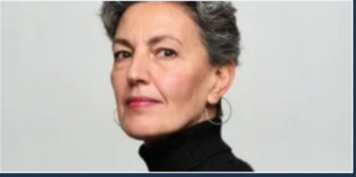
Tracking sneaker values has long been Mr. Luber’s obsession. In the late 2000s, he was a strategy analyst at IBM in New York who spent his nights trawling [eBay](#) for data on how much sought-after shoes were selling for on the secondary market. He compiled those figures into Campless, a sort of Kelly Blue Book for sneaker-resale value. But Mr. Luber wasn’t satisfied with eBay. His beefs weren’t limited to the bad photos that sellers posted or their habit of selling fakes. What really bugged him was the absence of price standardization. One dealer might peddle a pair of [Nike](#) Dunks for \$100 and another might list the same shoes for \$300. Mr. Luber envisioned a more orderly market, with a New York Stock Exchange-style ticker, that would make the value of a pair of sneakers transparent, in real time. When those Dunks sold for \$100, everyone on the market would know about it, thus forcing other sellers to knock their prices down to the going rate.

Around that same time, Dan Gilbert, the founder of mortgage lending company Quicken Loans, noticed that his teenage son was flipping sneakers on eBay for profit. Intrigued, Mr. Gilbert founded a research team on sneaker reselling who discovered what Mr. Luber was working on. Mr. Gilbert bought Campless in 2015 and the pair joined forces (along with COO Greg Schwartz), launching StockX, “the stock market of things,” based in Mr. Gilbert’s hometown of Detroit in February 2016.



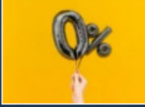
The sprawling, sneaker-filled StockX offices in Detroit. PHOTO: STOCKX

Today, StockX employs nearly 550 people worldwide, and has added watches, handbags and streetwear (including widely hyped hoodies, T-shirts and even skateboards from brands like Fear of God, Off-White and Bathing Ape) to its marketplace. Mr. Luber explained that StockX only deals in rarefied products that balance liquidity and scarcity. A J. Crew gingham shirt will never be on StockX because it’s too common, nor will a Picasso painting, because it’s too




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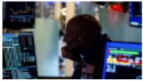
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that balance liquidity and scarcity. A J. Crew gingham shirt will never be on StockX because it's too common, nor will a Picasso painting, because it's too rare. A variety of Nike Air Jordans of which only 1,000 pairs may exist is ripe for StockX's marketplace.

Because of these items' scarcity, fakes remain a major issue on the resale market. StockX only accepts new merchandise and employs over 100 authenticators to identify counterfeits. "When we started the business three years ago, we couldn't go to LinkedIn and find sneaker authenticators," said Mr. Luber. "We basically created that career." It takes about 90 days to train authenticators who use scales, durometers (to measure density) and apps to spot fakes. Korre Jefferson, 20, a retail associate in Brooklyn, N.Y., said he liked knowing that someone had validated the authenticity of the sweater and pair of sneakers he purchased on StockX this year: "Sometimes on [resale marketplace] Grailed you might have someone selling something that's clearly fake, so it's nice to have that security with StockX." Over email, [Grailed](#) co-founder Jake Metzger explained, "We have a team of experienced moderators combing the site every day looking for suspicious users and listings. Any user caught actively selling fake merchandise is banned from the platform."

When a transaction is "completed" on StockX's website, that's really only the beginning. The seller then sends the shoes to one of StockX's four authentication centers (Detroit, Tempe, Ariz., Moonachie, N.J. and the latest outpost in London), where they are authenticated and shipped out to the buyer. If all goes to plan, the turnaround at the authentication center takes less than a day.

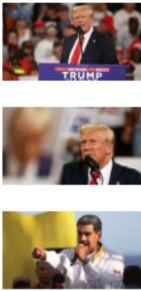


An employee at StockX inspects a pair of Nikes for authenticity. PHOTO: STOCKX

Further mitigating risk for the buyer, StockX acts as a middleman for payment and does not release proceeds of the sale to the seller until the shoes have been verified. Carlos Chavez, 34, an engineer and part-time sneaker seller in Los Angeles, prefers using StockX (or GOAT, a rival app) to eBay, after he experienced a "chargeback," in which [PayPal](#) froze his proceeds of a sale for two weeks because the buyer used a counterfeit payment.

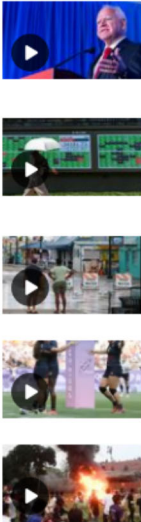
"I've sold on both eBay and Grailed but the big reason I prefer StockX for shoes is to not be scammed," said Mr. Chavez, who in September used his funds from flipping sneakers to finance a vacation to Oaxaca with his wife. In a statement, an eBay spokesperson noted that it offers a money-back guarantee if a buyer identifies a counterfeit and that since 1998 it has had the Verified Rights Owner Program (VRO), which allows brands to more easily report fake

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identifies a counterfeit and that since 1998 it has had the Verified Rights Owner Program (VeRO), which allows brands themselves to more easily report fake items on eBay. Further, in October 2017 eBay launched “eBay Authenticate” which inspects and validates luxury items such as Prada handbags and Rolex watches.

For its part, StockX takes a cut of every sale: 9.5% on sneakers and streetwear, 9.9% on any watch sale and 14.5% for any handbag sale. The vast majority of transactions involve sneakers or streetwear, with items from the highly sought-after brand Supreme comprising about 85% of StockX’s clothing sales.

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Though expansion across all four categories is important, Mr. Luber stressed that StockX’s future success really lies in expanding the sneaker-buying market. His target buyer, he said, is “that guy who bought his last pair of shoes at [Foot Locker](#) or Nike.com, and never in a million years would’ve tried to wade through eBay to buy a pair of Jordans or Yeezys.” By Mr. Luber’s estimation, the United States sneaker resale market is currently a \$2 billion industry, while the primary sneaker market is at \$19.6 billion according to the market analysts at NPD Group. If StockX can convert a sliver of those primary market customers, the website’s profits could be significant.

The aim is not to turn novices into sneakerheads willing to pay 11 times the retail cost for a pair of Nike’s Off-White Air Jordans. Rather Mr. Luber would like to create a destination for sneaker buyers of every ilk. He noted that a lot of items on StockX do sell for less than their sticker price: “Sometimes it’s just access. It’s a general-release shoe from three years ago, but it’s just not available on Nike.com so now you can get it on StockX.”

In further attempts to expand its reach, last month StockX opened an office in London and has its sights set on China. There are regional differences here and there—fewer basketball sneakers in Europe, more Nike Air Force Ones in New York—but by and large, users want the same sneakers and clothes whether they’re in Brussels or Brooklyn. Often these days, that means Yeezys, Off-White Nikes and Supreme.

For Lucio Nunes, 20, a student in Switzerland who has sold shoes on StockX for two years, using the London office has improved his selling experience. Shipping rates are cheaper, as he no longer has to send his shoes further abroad, and his money clears faster. Still he said, the one downside to StockX is that it has lowered prices throughout the sneaker flipping-world. “The prices are much more visible because everyone looks at StockX and takes it as the market price,” said Mr. Nunes. It’s harder to cheat the market when the ticker price is just a

click away

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